

creation of a reserve liability in the form of uncalled capital as the limit of obligation of shareholders in case of failure.¹ This definition of the obligations of the shareholder led wealthy men, who had formerly stood aloof, to invest in bank shares, and within the next thirty years joint stock banking resources were more than doubled. The number of banking offices open to the public in England and Wales increased from 1779 in 1872 to 5679 in 1907, while in the United Kingdom as a whole the increase was from 2924 in 1872 to 4460 in 1886, 5612 in 1894, 6512 in 1900, and 7676 in 1907. Even with the great increase in number of offices in England and Wales, the equipment reached only one office to 5746 of the population in 1907. This was below the figure for Scotland in 1872, which was one office to 4137 people, and which rose in 1907 to one office for 3761 people.⁹ While this great improvement in the accommodation of the public was taking place, the number of banks was diminishing. Forty-two banks in the United Kingdom were absorbed by others from 1877 to 1886, 90 from 1887 to 1895, and more than 100 from 1896 to 1907.³ One of the causes of these amalgamations, especially where country banks were absorbed by London banks, was the low rates for money which prevailed in the city from 1892 to 1896. The country rate, being more steady, afforded a larger profit to the city bank, while the country bank benefited by the addition to prestige and capital resulting from absorption, which permitted a larger extension of business. Some of the smaller London banks, on the other hand, yielded to the pressure for concentration by union with large provincial banks, which thus obtained the benefits of London offices and admission to the clearing house.⁴ Finally, began in

¹ Sykes, 98.

² *London Bankers' Magazine*, February, 1908, I/XXXV., 167.

³ The number of banks stated as in operation differs somewhat according to the classes dealt with. Straker states the number of joint stock banks in 1849, *ⁿ England and Wales,, at 99; in 1892, 102; and in 1902, 68.—*The Money Market*^ 80.

⁴ Sykes, 102-103.